

## Message Text

SECRET

PAGE 01 STATE 056171  
ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY: S/S-O: DCAMP

APPROVED BY: S/S/O : VALERGA

-----121699 051030Z /16

O 040313Z MAR 78

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

S E C R E T STATE 056171

EXDIS DISTRIBUTE AS NODIS

E.O. 11652: GDS

TAGS: MASS, EG, US, UK

SUBJECT: MIG MAINTENANCE CONTRACTS

REF: STATE 46027

1. VADER OF LOCKHEED CALLED DEPARTMENT MARCH 3 TO REPORT ON RESULTS OF HIS VISIT TO CAIRO.

2. DURING CAIRO STAY, VADER MET JOINTLY WITH ENGINEER HELMI HAGAR, CHAIRMAN OF THE ENGINES FACTORY FOR AO-, ENGINEER AHMAD HEIBA, CHAIRMAN OF AIR FRAME FACTORY FOR AOI, AND DR. NABIL SALEH, RESOURCES PLANNING DIRECTOR FOR AOI. HE BRIEFED THESE INDIVIDUALS ON LOCKHEED'S PART OF PROPOSAL PUT FORWARD BY AERITALIA. HE THEN PROPOSED THAT LOCKHEED MIGHT SEND AN EIGHT-MAN TEAM TO CAIRO TO WORK WITH AOI IN DEVELOPING PROGRAM FOR AIR FRAME REHABILITATION AND MAINTENANCE.

3. VADAR STATED THAT HIS ASSUMPTION WAS THAT THERE WOULD  
SECRET

SECRET

PAGE 02 STATE 056171

BE AN "OVERFLOW" OF 57 MIGS WHICH WOULD HAVE TO BE SERVICED OUTSIDE OF EGYPT OVER NEXT 26 MONTHS. HOWEVER, HE HAD "COMPLETELY UNDERESTIMATED" AIO CAPABILITIES.

4. VADER NEXT SAW ASHRAF MARWAN, ACCOMPANIED BY HELMI HAGAR WHO SUMMARIZED EARLIER PRESENTATION. MARWAN TOOK

POSITION THAT ALL AIR FRAMES SHOULD BE HANDLED IN-COUNTRY. HE INDICATED GENERAL SATISFACTION WITH LOCKHEED CONCEPT, AND SPECIFICALLY AGREED THAT LOCKHEED COULD BRING THREE AIRCRAFT TO U.S. IN KEEPING WITH SCHEME AS OUTLINED BY VADER. MARWAN THEN ASKED FOR "DEFINITIVE PROPOSAL" INCLUDING COSTS, EQUIPMENT WHICH WOULD BE REQUIRED ETC. VADER RESPONDED THAT HE WOULD DEVELOP SUCH A PROGRAM AS SOON AS POSSIBLE, THAT THE MAXIMUM COST FOR THE LOCKHEED PROGRAM WOULD BE 20 MILLION DOLLARS, AND THAT LOCKHEED WOULD BE PREPARED TO SEND A FOLLOW-ON TEAM TO CAIRO AS EARLY AS NEXT WEEK.

5. FINALLY, VADER TOURED AOI ENGINE AND AIR FRAME FACTORIES. HE WAS "ABSOLUTELY ASTOUNDED" AT EXISTING CAPABILITY. THE FACTORIES ARE SUPERBLY EQUIPPED, WITH EXCELLENT ASSEMBLY FACILITIES AND A LARGE FORCE OF TRAINED PERSONNEL. ACCORDING TO VADER, THERE ARE 4,000 WORKERS AT THE AIR FRAME FACTORY ALONE WHO COULD "MAKE ANYTHING". HAVING SEEN AOI FACILITIES HE AGREES THERE IS NO NEED TO SEND ANYTHING OUTSIDE OF EGYPT IN CONNECTION WITH MIG MAINTENANCE AND OVERHAUL. HE IS CONVINCED THAT AOI COULD MOVE FASTER AND BETTER THAN PROGRAM INVOLVING ITALIANS.

6. RE ENGINES, VADER UNDERSTANDS THAT AGREEMENT HAS BEEN REACHED FOR AOI TO HANDLE MIG ENGINES IN CONJUNCTION  
SECRET

SECRET

PAGE 03 STATE 056171

WITH EXISTING EGYPTIAN AIR FORCE CAPABILITIES AND ROLLS ROYCE PARTICIPATION.

7. DEPARTMENT OFFICER MADE THREE POINTS IN THIS CONVERSATION WITH VADER.

-- USG HAS NOT APPROVED ANY LICENSES FOR WORK WITH AOI; THIS IS A MATTER FOR POLICY DECISION WHICH IS PRESENTLY UNDER REVIEW.

-- DEPARTMENT AND LOCKHEED "ARE NOT OF A MIND" ON WHETHER ADDITIONAL MUNITIONS CONTROL LICENSES WILL BE REQUIRED BEFORE LOCKHEED CAN PROCEED. PROJECT AS ORIGINALLY CONCEIVED WOULD HAVE PERMITTED US COMPANIES TO WORK WITH THIRD COUNTRY COUNTERPARTS TO DO WORK OUTSIDE OF EGYPT. NEW CONCEPT IS AT VARIANCE WITH THIS.

-- WITHOUT COMMENTING ON CONTENTS OF PROPOSAL PUT FORWARD BY AERITALIA, DEPARTMENT FEELS THAT USG HAS DISCHARGED ITS RESPONSIBILITIES UPON PRESENTATION OF THAT PROPOSAL. IT WAS UNDERSTOOD FROM OUTSET THAT WE WOULD SEEK TO RESPOND TO GOE NEEDS BY HELPING TO DEVELOP

A PROGRAM WHICH THEN WOULD HAVE TO STAND OR FALL ON ITS MERITS -- I.E., ONCE PRESENTED, THE DECISION ON WHETHER OR NOT TO ACCEPT THE PROPOSAL WOULD BE UP TO GOE.

8. AFTER CONSIDERING LATEST DEVELOPMENTS, DEPUTY ASSISTANT SECRETARY VELIOTES CALLED VADER AND MADE FOLLOWING POINTS:

-- ANY CONTRACT WITH AOI WOULD NOT BE APPROVED UNDER OUR CURRENT GUIDELINES.

-- ANY DEVIATION FROM AGREED GROUND RULES WOULD REQUIRE US TO GO BACK TO CONGRESS TO CONSULT WITH TWO COMMIT-  
SECRET

SECRET

PAGE 04 STATE 056171

TEES. WE WOULD NOT WANT TO ENCOURAGE LOCKHEED TO THINK DEPARTMENT WOULD BE PREPARED TO DO THIS.

-- UNDER CIRCUMSTANCES, WE WOULD LIKE LOCKHEED TO HOLD UP SENDING TEAM.

-- AT VADER'S CONVENIENCE, WE WOULD LIKE HIM TO COME TO WASHINGTON TO DISCUSS THIS MATTER. (MEETING WILL TAKE PLACE MARCH 7.)

9. QUESTION OF STATUS OF MIG PROGRAM WILL BE RAISED IN COURSE OF CONSULTATIONS ON F-5 SALES AND WE EXPECT SUBJECT WILL BE RAISED DURING HIRC HEARINGS ON AID TO EGYPT ON MONDAY, MARCH 6. NEWS OF LOCKHEED'S PRESENT EFFORTS IS LIKELY TO SURFACE IN MIDST OF THIS PROCESS. WHEN YOU MEET WITH GAMASY REQUEST YOU SEEK CLARIFICATION OF GOE DECISION AS REPORTED IN CAIRO 3837. YOU SHOULD INFORM HIM OF LOCKHEED'S DEALINGS WITH AOI AND POINT OUT THAT WE HAVE NOT SOUGHT TO ENCOURAGE LOCKHEED. FURTHER YOU CAN TELL HIM OF OUR DIFFICULTIES IN RELATION TO DEALINGS WITH MULTINATIONAL AOI. OBVIOUSLY, WE WOULD PREFER NOT TO FIND OURSELVES IN SITUATION WHEREIN WE HAVE TO TURN DOWN AN EGYPTIAN REQUEST TO APPROVE LOCKHEED/AOI DEAL.

CHRISTOPHER

NOTE: MESSAGE UPGRADED FROM EXDIS PER STATE 056213

SECRET

NNN



## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, FIGHTER AIRCRAFT, CONTRACTS, MISSILES, MILITARY EQUIPMENT MAINTENANCE, CAT-B, VISITS, MEETINGS, AIRCRAFT MAINTENANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 mar 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE056171  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** O: DCAMP  
**Enclosure:** EXDIS DISTRIBUTE AS NODIS  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780098-0870  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197803105/aaaadlpo.tel  
**Line Count:** 162  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 57447bb8-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN NODS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** NODIS  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** EXDIS  
**Reference:** 78 STATE 46027  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 01 aug 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3114432  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MIG MAINTENANCE CONTRACTS  
**TAGS:** MASS, EG, US, UK, LOCKHEED, (VADER)  
**To:** CAIRO  
**Type:** TE  
**vdkgvkey:** odb://SAS/SAS.dbo.SAS\_Docs/57447bb8-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014